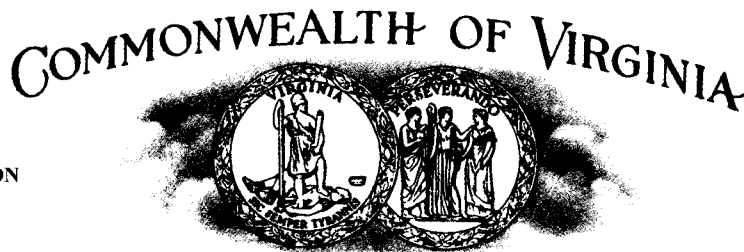


EXAMINATION REPORT
of
UNITED CONTRACTORS OF VIRGINIA
GROUP SELF-INSURANCE ASSOCIATION
RICHMOND, VIRGINIA
as of
DECEMBER 31, 2007

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

ALFRED W. GROSS
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE



P.O. BOX 1157
RICHMOND, VIRGINIA 23218
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I, Alfred W. Gross, Commissioner of Insurance of the Commonwealth of Virginia, do hereby certify that the annexed copy of the Examination Report of United Contractors of Virginia Group Self-Insurance Association as of December 31, 2007, is a true copy of the original report on file with this Bureau.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed to the original the seal of the Bureau at the City
of Richmond, Virginia this 5th day of December, 2008

Alfred W. Gross
Commissioner of Insurance

(SEAL)

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Richmond, Virginia
September 24, 2008

Honorable Alfred W. Gross
Commissioner of Insurance
Richmond, Virginia

Dear Sir:

Pursuant to your instructions and by authority of Section 38.2-1317 of the Code of Virginia, an examination of the records and affairs of

**UNITED CONTRACTORS OF VIRGINIA
GROUP SELF-INSURANCE ASSOCIATION**

Richmond, Virginia

hereinafter referred to as the Association, has been completed. The report is hereby submitted for your consideration.

DESCRIPTION

The Association is a group self-insurance association licensed to provide workers' compensation coverage and employers' liability coverage to its members pursuant to Section 65.2-802 of the Code of Virginia and 14 VAC 5-370-10 et seq. (Rules Governing Group Self-Insurers of Liability Under the Virginia Workers' Compensation Act) promulgated by the State Corporation Commission (the "Commission").

The Association was last examined by representatives of the Commission's Bureau of Insurance ("the Bureau") as of December 31, 2004. This examination covers the period from the January 1, 2005 through December 31, 2007.

HISTORY

The Association was licensed by the Bureau effective August 1, 1981. On July 1, 1990, the Bureau revised the Association's license to authorize employers' liability coverage. According to its indemnity agreement, the Association was formed to allow members to self-insure and to pool their separate liabilities arising pursuant to the terms of the Virginia Workers' Compensation Act and for certain other types of employers' liabilities.

MANAGEMENT AND CONTROL

Control of the Association is vested in a Members' Supervisory Board (the "Board") elected by the members of the Association. The by-laws provide for no less than three nor more than nine board members, three-fourths of whom shall be members in good standing of the Association. Board members serve until their successors are elected.

The Board and officers were as follows at December 31, 2007:

| <u>Representative</u> | <u>Member</u> |
|-----------------------|--|
| David W. Brooks | Brooks & Co. General Contractors, Inc. Richmond, Virginia |
| Frederick M. Dabney | Slurry Pavers, Inc. Glen Allen, Virginia |
| F. Thomas Evans | Southwood Builders, Inc. Ashland, Virginia |
| Dudley H. Marks | Consumers/Dornin-Adams, Inc. Lynchburg, Virginia |
| Joseph R. McDaniels | McDaniels Siding & Roofing Corporation Chesapeake, Virginia |
| Stuart K. Morgan, Sr. | Century Construction Co. Richmond, Virginia |
| Edmond S. Pittman | Thalhimer, Inc. Richmond, Virginia |

Officers

| | |
|---------------------|---------------|
| Frederick M. Dabney | Chairman |
| Joseph R. McDaniels | Vice Chairman |
| F. Thomas Evans | Secretary |
| David W. Brooks | Treasurer |

TERRITORY AND PLAN OF OPERATION

The operation of the Association is confined to Virginia where it is licensed to transact the business of workers' compensation and employers' liability group self-insurance. Membership in the Association is available to employers engaged in a similar type of business, upon the approval of the Board and the Commission.

All members are required to enter into an indemnity agreement in which each member jointly and severally agrees to assume and discharge members' employers' liabilities and any members' liabilities under the Virginia Workers' Compensation Act. No formal insurance policy is issued to the members.

An administrator is responsible for assisting the board in managing the affairs of the Association. Claims are processed and paid by a service agent under a contractual agreement with the Association. The Association's operations are conducted on a calendar year basis.

ADMINISTRATIVE AGREEMENT

Effective January 1, 1996, the Association entered into an administrative agreement with Self Insurance Services, LLC, ("SIS"). The original term of this agreement was for a period of eight months and the agreement continued thereafter subject to termination by either party by 90 days advance written notice.

According to the agreement, SIS shall administer the financial affairs of the Association as established and adopted by the Board, maintain necessary records of accounts, advise the Board on policy matters, contract for claims handling and with advisors and consultants, pay all items of expense to the extent funds are available, direct the solicitation and enrollment of new members, file necessary reports, and conduct other managerial duties.

As compensation for its services, SIS shall receive 7½% of all members' contributions calculated under the provisions of 14 VAC 5-370-110, without reduction as a result of premium discounts, experience ratings, deviations, or other adjustments. In addition, SIS retains 100% of the commission received for placement of excess insurance coverage.

CLAIMS CONSULTING SERVICE AGREEMENT

Effective January 1, 1994, the Association entered into a claims consulting service agreement with SIS. The agreement is subject to termination by either party upon 60 days advance written notice. According to the agreement, SIS shall provide claims consulting services including the review of monthly loss reports, approval of all medical and compensation payments over \$2,000, monthly review of all open claim files, evaluation of members' claim experience and assistance to the service agent in settlement of claims.

As compensation, the Association shall pay SIS $\frac{1}{2}$ of 1% of all members' contributions calculated under the provisions of 14 VAC 5-370-110, without reduction as a result of premium discounts, experience ratings, deviations, or other adjustments.

CLAIMS SERVICE AGREEMENT

Effective January 1, 1998, the Association entered into a claims service agreement with Trigon Administrators Inc., currently known as Sedgwick CMS ("Sedgwick"). The original term of this agreement was for a period of 12 months and the agreement continued thereafter, subject to termination by either party by written notice 60 days in advance of the effective date of termination.

Under the terms of the agreement, the services provided by Sedgwick include: full claims handling and adjusting for all claims incurred during the period of the agreement until their conclusion, unless otherwise transferred; claims counseling; loss control consulting; furnishing monthly reports; preparation for all scheduled hearings before regulatory bodies and other claims-related duties.

As compensation for its services, Sedgwick shall receive an amount equal to 5.6% of all members' contributions calculated under the provisions of 14 VAC 5-370-110, without reduction as a result of premium discounts, experience ratings, deviations, or other adjustments. Additionally, Sedgwick will be compensated 25% of the savings generated by inpatient bills, the inpatient utilization review process and any reductions from the application of any fee schedules and negotiations generated from the cost containment program.

DIVIDENDS TO MEMBERS

Any surplus assets accumulated within a plan year may be declared refundable by the Board. Payment of this surplus in the form of dividends, however, may not be made until the Association has received approval from the Bureau. During the examination period, the Bureau approved the following dividends:

Approval Dates

| <u>Fiscal Year</u> | <u>October 24, 2005</u> | <u>October 18, 2006</u> | <u>October 3, 2007</u> |
|--------------------|-------------------------|-------------------------|------------------------|
| 1981/1982 | \$ 66 | | |
| 1983/1984 | 2,062 | \$ 387 | |
| 1985/1986 | 2,090 | | |
| 1987 | 95,424 | | |
| 1988 | 6,477 | | |
| 1989 | 7,723 | | |
| 1990 | 1,384 | | |
| 1993 | | 50,000 | |
| 1995 | 50,000 | 100,000 | \$ 50,000 |
| 1996 | 50,000 | 100,000 | 50,000 |
| 1997 | 50,000 | 100,000 | 150,000 |
| 1998 | 200,000 | 50,000 | 50,000 |
| 2000 | 200,000 | 200,000 | 200,000 |
| 2001 | 200,000 | 200,000 | 100,000 |
| 2002 | 50,000 | 50,000 | 50,000 |
| 2003 | 100,000 | 100,000 | 100,000 |
| 2004 | | 100,000 | 100,000 |
| Totals | <u>\$ 1,015,226</u> | <u>\$ 1,050,387</u> | <u>\$ 850,000</u> |

FIDELITY BOND COVERAGE

At December 31, 2007, the Association was listed as a named insured on a fidelity bond with a \$250,000 limit of liability to insure against losses arising from dishonest acts of its administrator and employees.

SPECIAL RESERVES AND DEPOSITS

At December 31, 2007, the Association had a United States Treasury Note with a par value of \$300,000 on deposit with the Treasurer of Virginia as required by 14 VAC 5-370-60 A.

EXCESS INSURANCE COVERAGE

The Association had both specific excess and aggregate excess insurance agreements in force at December 31, 2007, with the following limits:

| | <u>Association's Retention</u> | <u>Excess Insurer's Limits</u> |
|------------------|--|---|
| Specific Excess | \$1,500,000 for each accident and each employee for disease | Workers' Compensation Statutory Employers' Liability \$1,000,000 |
| Aggregate Excess | 122.84% of normal premium subject to a minimum retention of \$11,359,572 Aggregate loss limitation \$500,000 for each accident and each employee for disease | \$1,000,000 |

SCOPE

This is a full scope financial condition examination initiated and conducted under the provisions of Article 4, Chapter 13 of Title 38.2 of the Code of Virginia. The examination covers the period from January 1, 2005 through December 31, 2007. Assets were verified and liabilities were established at December 31, 2007. A review of income and disbursements for the period was made to the extent deemed necessary.

The items comprising the Balance Sheet had a medium or low risk assessment as determined from the principles of the risk-based examination approach contained in the NAIC Financial Condition Examiners Handbook. Analytical review procedures were applied to non-material items.

In addition, the following matters were reviewed, several of which are discussed separately under their respective captions in this report.

History
Management and Control
Territory and Plan of Operation
Administrative Agreement
Claims Consulting Service Agreement
Claims Service Agreement
Dividends to Members
Fidelity Bond Coverage
Special Reserves and Deposits
Excess Insurance Coverage
Financial Statements

FINANCIAL STATEMENTS

There follows a statement reflecting the financial condition of the Association at December 31, 2007, a statement of income for the year ended December 31, 2007, a reconciliation of members' equity for the period under review, a statement of members' account by fiscal year inception to date and a statement of Examiners' changes in members' equity.

BALANCE SHEET
DECEMBER 31, 2007

ASSETS

| | |
|--|----------------------------|
| Bonds, long term | \$17,391,280 |
| Other invested assets | 568,695 |
| Cash on deposit | 209,730 |
| Premiums receivable | 456,012 |
| Interest due and accrued | 235,851 |
| Amounts recoverable on paid losses | 62,682 |
| Income taxes receivable | 265,880 |
| Prepaid administrative fees | 16,262 |
| Prepaid service agent's fees | 3,393 |
| Other prepaid expenses and receivables | 90,461 |
| | <hr/> |
| Total assets | <u><u>\$19,300,246</u></u> |

LIABILITIES AND MEMBERS' EQUITY

| | |
|---------------------------------------|----------------------------|
| Losses unpaid | \$11,504,258 |
| Loss adjustment expenses unpaid | 162,550 |
| Contingency reserve | 2,050,332 |
| Unearned premiums | 1,769,518 |
| Premium refunds payable | 528,078 |
| Taxes, licenses and fees payable | 167,361 |
| Dividends payable | 2,475,758 |
| Payroll audit fees payable | 18,840 |
| Professional fees payable | 14,700 |
| Investment fees payable | 4,900 |
| | <hr/> |
| Total liabilities | \$18,696,295 |
| Restricted members' equity | 306,399 |
| Unrestricted members' equity | 297,552 |
| | <hr/> |
| Total liabilities and members' equity | <u><u>\$19,300,246</u></u> |

STATEMENT OF INCOME
FOR YEAR ENDED DECEMBER 31, 2007

UNDERWRITING INCOME

| | |
|--------------------------------------|--------------------|
| Premiums earned | <u>\$6,800,621</u> |
| Deductions: | |
| Losses incurred | \$2,277,936 |
| Loss expenses incurred | 155,042 |
| Other underwriting expenses incurred | 1,444,180 |
| Contingency reserve | <u>128,526</u> |
| Total underwriting deductions | <u>\$4,005,684</u> |
| Net underwriting gain | <u>\$2,794,937</u> |

INVESTMENT INCOME

| | |
|-------------------------------|------------------|
| Net investment income earned | \$788,789 |
| Net realized capital (losses) | <u>(87,212)</u> |
| Net investment gain | <u>\$701,577</u> |

OTHER INCOME

| | |
|--|---------------------------|
| Miscellaneous income | <u>\$5,195</u> |
| Total other income | <u>\$5,195</u> |
| Net income before federal income taxes | \$3,501,709 |
| Federal income taxes incurred | <u>302,999</u> |
| Net income | <u><u>\$3,198,710</u></u> |

RECONCILIATION OF MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007

| | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|--|---------------------------|-----------------------------|-------------------------|
| Members' equity, previous year before undistributed dividends | * \$2,667,680 | \$2,202,144 | \$123,052 |
| Adjustment for previous examination changes | (78,026) | | |
| Net income or (loss) | 777,603 | (1,212,674) | 3,198,710 |
| Net unrealized capital gains or (losses) | (319,931) | 71,548 | 419,330 |
| Dividends paid to members | <u>(845,182)</u> | <u>(937,966)</u> | <u>(661,383)</u> |
| Restricted and unrestricted members' equity, end of year | \$2,202,144 | \$123,052 | \$3,079,709 |
| Less: Restricted members' equity, end of year | <u>293,754</u> | <u>291,621</u> | <u>306,399</u> |
| Unrestricted members' equity, end of year before undistributed dividends | \$1,908,390 | (\$168,569) | \$2,773,310 |
| Less: Dividends declared but unpaid | <u>2,174,720</u> | <u>2,287,141</u> | <u>2,475,758</u> |
| Unrestricted members' equity, end of year | <u><u>(\$266,330)</u></u> | <u><u>(\$2,455,710)</u></u> | <u><u>\$297,552</u></u> |

* Adjusted members' equity from previous examination.

Members' Account By Fiscal Year Inception to Date December 31, 2007

| | All Other Fiscal Years Preceding 1981-2003 | Third Fiscal Year Preceding 2004 | Second Fiscal Year Preceding 2005 | First Fiscal Year Preceding 2006 | Current Calendar Year 2007 | Total Inception to Date (1981-2007) |
|--|---|---|--|---|-------------------------------------|--|
| <u>Income Received</u> | | | | | | |
| Premiums written | \$90,271,806 | \$6,978,504 | \$7,486,399 | \$7,557,790 | \$9,190,403 | \$121,484,902 |
| Less: Excess insurance | 8,852,203 | 819,933 | 884,274 | 816,997 | 809,624 | 12,183,031 |
| Net premiums written | \$81,419,603 | \$6,158,571 | \$6,602,125 | \$6,740,793 | \$8,380,779 | \$109,301,871 |
| Investment income | 11,314,992 | 300,486 | 222,317 | 103,682 | 686,593 | 12,628,070 |
| Allocation between years | 290,062 | 70,930 | 59,225 | 144,194 | (564,411) | 0 |
| Other | 1,796,065 | 0 | 0 | 0 | 104,393 | 1,900,458 |
| Total income collected | \$94,820,722 | \$6,529,987 | \$6,883,667 | \$6,988,669 | \$8,607,354 | \$123,830,399 |
| <u>Less: Expenses Paid</u> | | | | | | |
| Losses paid | \$51,654,636 | \$3,184,409 | \$4,347,103 | \$3,459,651 | \$864,990 | \$63,510,789 |
| Allocated loss adjustment expenses paid | 1,859,869 | 134,508 | 118,067 | 66,037 | 18,415 | 2,196,896 |
| Administrative fees | 7,966,883 | 640,801 | 675,302 | 683,927 | 714,887 | 10,681,800 |
| Service agent's fees | 6,051,144 | 448,560 | 472,712 | 478,748 | 500,421 | 7,951,585 |
| Taxes, licenses, and fees | 1,360,647 | 174,778 | 118,173 | 176,075 | 0 | 1,829,673 |
| Federal income tax | 801,220 | 0 | 0 | 0 | 568,879 | 1,370,099 |
| Other expenses | 1,628,865 | 77,976 | 66,241 | 79,506 | 51,923 | 1,904,511 |
| Total expenses | \$71,323,264 | \$4,661,032 | \$5,797,598 | \$4,943,944 | \$2,719,515 | \$89,445,353 |
| Net cash income | \$23,497,458 | \$1,868,955 | \$1,086,069 | \$2,044,725 | \$5,887,839 | \$34,385,046 |
| <u>Add: Receivables</u> | | | | | | |
| Premiums receivable | \$0 | \$0 | \$0 | \$0 | \$456,012 | \$456,012 |
| Interest due and accrued | 99,638 | 24,365 | 20,344 | 49,532 | 41,972 | 235,851 |
| Recoverable on paid losses | 62,682 | 0 | 0 | 0 | 0 | 62,682 |
| Other | 0 | 0 | 0 | 0 | 375,996 | 375,996 |
| Total | \$162,320 | \$24,365 | \$20,344 | \$49,532 | \$873,980 | \$1,130,541 |
| <u>Deduct: Liabilities</u> | | | | | | |
| Losses unpaid | \$1,311,313 | \$795,210 | \$1,547,611 | \$3,824,969 | \$4,025,155 | \$11,504,258 |
| Loss adjustment expenses | 53,540 | 15,052 | 46,070 | 19,781 | 28,107 | 162,550 |
| Contingency reserve | 1,168,398 | 209,355 | 224,592 | 226,734 | 221,253 | 2,050,332 |
| Unearned premiums | 0 | 0 | 0 | 0 | 1,769,518 | 1,769,518 |
| Premium refunds payable | 0 | 0 | 0 | 0 | 528,078 | 528,078 |
| Taxes, licenses and fees payable | 0 | 0 | 0 | 0 | 167,361 | 167,361 |
| Other expenses payable | 0 | 0 | 0 | 0 | 38,440 | 38,440 |
| Total | \$2,533,251 | \$1,019,617 | \$1,818,273 | \$4,071,484 | \$6,777,912 | \$16,220,537 |

Members' Account By Fiscal Year Inception to Date December 31, 2007

| | All Other Fiscal Years Preceding 1981-2003 | Third Fiscal Year Preceding 2004 | Second Fiscal Year Preceding 2005 | First Fiscal Year Preceding 2006 | Current Calendar Year 2007 | Total Inception to Date (1981-2007) |
|--|---|---|--|---|-------------------------------------|--|
| Restricted and Unrestricted Members' Equity to date by fiscal year before dividends | \$21,126,527 | \$873,703 | (\$711,860) | (\$1,977,227) | (\$16,093) | \$19,295,050 |
| Less: Dividends paid inception to date by fiscal year | 16,053,446 | 161,895 | 0 | 0 | 0 | 16,215,341 |
| Less: Restricted Members' Equity by fiscal year | <u>61,280</u> | <u>61,280</u> | <u>61,280</u> | <u>61,280</u> | <u>61,279</u> | <u>306,399</u> |
| Unrestricted Members' Equity undistributed by fiscal year | \$5,011,801 | \$650,528 | (\$773,140) | (\$2,038,507) | (\$77,372) | \$2,773,310 |
| Less: Dividends declared but unpaid | <u>2,437,653</u> | <u>38,105</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>2,475,758</u> |
| Unrestricted Members' Equity 12/31/07 | <u>\$2,574,148</u> | <u>\$612,423</u> | <u>(\$773,140)</u> | <u>(\$2,038,507)</u> | <u>(\$77,372)</u> | <u>\$297,552</u> |

STATEMENT OF EXAMINERS' CHANGES IN MEMBERS' EQUITY
DECEMBER 31, 2007

| | Amount Per <u>Association</u> | Amount Per <u>Examiner</u> | Increase (Decrease) <u>Members' Equity</u> |
|---|-------------------------------------|----------------------------------|--|
| <u>Assets:</u> | | | |
| Premiums receivable | \$0 | \$456,012 | \$456,012 |
| Prepaid administrative fees | 15,752 | 16,262 | 510 |
| Prepaid service agent's fees | 11,026 | 3,393 | (7,633) |
| Other prepaid expenses and receivables | 19,619 | 90,461 | 70,842 |
| <u>Liabilities:</u> | | | |
| Contingency reserve | \$2,051,128 | \$2,050,332 | \$796 |
| Premium refunds payable | 19,242 | 528,078 | (508,836) |
| Taxes, licenses and fees payable | 180,000 | 167,361 | <u>12,639</u> |
| Examiners changes in members' equity | | | <u><u>\$24,330</u></u> |
| | | | |
| Restricted and unrestricted members' equity per Association | | | \$579,621 |
| Restricted and unrestricted members' equity per Examiners | | | <u>603,951</u> |
| Increase in restricted and unrestricted members' equity | | | <u><u>\$24,330</u></u> |

RECOMMENDATIONS FOR CORRECTIVE ACTION

Management and Control

1. The results of this examination reflect an unrestricted members' equity deficit for the 2005, 2006 and 2007 fiscal years of \$773,140, \$2,038,507 and \$77,372, respectively.

The Board is reminded of its responsibility to assure that the Association is financially sound and able to fulfill its obligations under the Virginia Workers' Compensation Act. The Board must recognize the Association's financial condition and take necessary steps, which may include assessments, to eliminate all deficits.

Accounts and Records

- | | |
|--------------------------------|-----------|
| 2. <u>Premiums receivable</u> | \$456,012 |
| <u>Premium refunds payable</u> | \$528,078 |

The above amounts have been increased \$456,012 and \$508,836, respectively. The Examiners' amounts are based on a review of the 2007 payroll audits and reflect differences between audited contributions and contributions paid at December 31, 2007.

- | | |
|---------------------------------------|----------|
| 3. <u>Prepaid administrative fees</u> | \$16,262 |
| <u>Prepaid service agent's fees</u> | \$ 3,393 |

The above amounts are \$510 more and \$7,633 less, respectively, than the amounts reported by the Association in its 2007 Annual Statement. The Examiners' amounts are based on the actual fees paid compared to the fees required by the agreements at December 31, 2007.

- | | |
|--|----------|
| 4. <u>Other prepaid expenses and receivables</u> | \$90,461 |
|--|----------|

The above asset is \$70,842 more than the amount reported by the Association in its 2007 Annual Statement. The Examiners' amount reflects the receivable from the excess insurer for the overpayment of 2007 fiscal year premiums as determined from subsequent 2007 payroll audits.

5. Contingency reserve \$2,050,332

The above liability is \$796 less than the amount reported by the Association in its 2007 Annual Statement. The Examiners' change is a result of a decrease in earned premium based on a review of subsequent payroll audits, which is the basis for the calculation of the contingency reserve.

6. Taxes, licenses, and fees payable \$167,361

The above liability is \$12,639 less than the amount reported by the Association in its 2007 Annual Statement. The Examiners' amount is based on a review of invoices paid in 2008 for taxes pertaining to 2007.

SUBSEQUENT EVENT

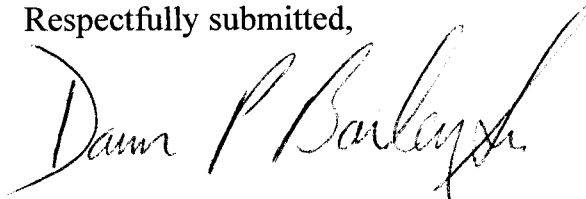
On October 9, 2008, the Bureau approved dividends for the Association totaling \$1,095,502 for fiscal years 1995 through 2004.

CONCLUSION

The courteous cooperation extended by the Association's administrator and service agent during the course of the examination is gratefully acknowledged.

In addition to the undersigned, George E. Morgan, CFE participated in the work of the examination.

Respectfully submitted,

A handwritten signature in cursive script, reading "Darrin P. Bailey, Sr.", written in black ink.

Darrin P. Bailey, Sr., CFE, MHP
Senior Insurance Examiner

**UNITED CONTRACTORS OF VIRGINIA GROUP SELF INSURANCE
ASSOCIATION**

Administered By
SELF INSURANCE SERVICES, LLC
COST CONTROL THROUGH SERVICE

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November 24, 2008

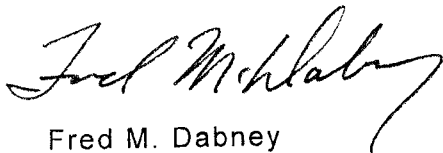
Mr. David H. Smith, CFE, CPA, CPCU
Chief Examiner
State Corporation Commission
Bureau of Insurance
P. O. Box 1157
Richmond, VA 23218

Dear Mr. Smith:

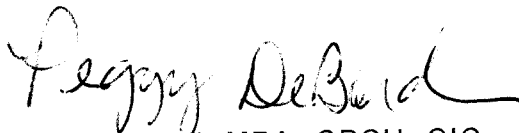
Enclosed are the responses to your recommendations for corrective action for United Contractors of Virginia Group Self Insurance Association during the examination period January 1, 2005 through December 31, 2007.

Please let me know if you have any questions concerning our responses.

Sincerely,



Fred M. Dabney
Chairman
Members' Supervisory Board
United Contractors of Virginia
Group Self Insurance Association



Peggy DeBord, MBA, CPCU, CIC
President
Self Insurance Services, LLC

Enclosures

United Contractors of Virginia Group Self Insurance Association

Responses to Recommendations for Corrective Action

Management and Control

1. The Association is aware of and will make every effort to assure that the Association is financially sound and able to fulfill its obligations under the Virginia Workers' Compensation Act.

Accounts and Records

2. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent payroll audit information not available at the time the financial statement was filed.
3. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent audit information not available at the time the financial statement was filed.
4. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent payroll audit information not available at the time the financial statement was filed.
5. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent audit information not available at the time the financial statement was filed.
6. The Association agrees with this adjustment. The adjustment was made with the benefit of subsequent audit information not available at the time the financial statement was filed.